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FOR EUR/WE AND EEB/IPE, STATE PASS USTR FOR D.WEINER,
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SUBJECT: AMBASSADOR SOLOMONT'S JANUARY 21, 2010, MEETING
WITH SPANISH OPPOSITION LEADER MARIANO RAJOY

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Classified By: Ambassador Alan D. Solomont, Reasons 1.4(b)(d).

¶11. (C) Summary. The Ambassador called January 21, 2010, on opposition party leader Mariano Rajoy and Rajoy's Chief of Cabinet, Jorge Moragas. They discussed Afghanistan, Iran, IPR, the Spanish economy, and Latin America. End summary.

Afghanistan

¶12. (C) The Ambassador congratulated Rajoy on the Popular Party's (PP) electoral successes in 2009 and its improving poll numbers. He noted he hopes to have as good a relationship with the opposition as with the government. Rajoy reciprocated that wish. The Ambassador stressed the importance of good bilateral relations, citing AFPAK as one area where the two countries can and must work together. The Ambassador noted that President Obama's has identified AFPAK as the central front in the fight against terrorism, and that the President has shifted the U.S. orientation toward partnership with our allies. Rajoy cited the shared principles and values of Spain and the U.S., noting the PP has supported the U.S. in Iraq and Afghanistan and would continue to do so. He specifically mentioned that the PP supports sending more Spanish troops to Afghanistan (he made no reference to his public questioning a few weeks ago of the government's plans to do just that). The Ambassador expressed appreciation for Spain's initial commitment to Afghanistan and for plans to send more troops. He said the expression of PP support is heartening.

Iran

¶13. (C) On Iran, the Ambassador stressed the importance the U.S. attaches to European and Spanish support for tougher sanctions. He said the first track of the two track strategy is not working and explained the U.S. is working on a new UNSCR and with allies such as Spain to find ways to enhance existing sanctions and develop new ones. Rajoy said that the PP fully shares U.S. concerns about Iran and assured the Ambassador the party is supportive.

IPR

¶14. (C) The Ambassador described his strong commitment to helping U.S. business compete in Spain, noting that the IPR situation is a major concern, especially for the U.S. music and film industries. He noted MPAA head Dan Glickman called him the day before to register concerns about Spain. The Ambassador said that at a recent movie premiere in Madrid, Warner Brothers' executives reported sales of new release DVDs were down 80 percent. Rajoy, whose party has in recent weeks objected to a GOS legislative proposal that would

authorize shutting down websites that promote piracy, said this is a great debate in Spain and there are diverse opinions, including a vocal community of internet users. He said the PP is asking for appropriate judicial safeguards for shutting down websites and is working to find the appropriate balance between IPR protection and freedom of expression. He noted the issue is not only important economically but politically. Nevertheless, he assured the Ambassador that the PP wants to play a constructive role and promised to keep an eye on the issue.

Spanish Economy

¶ 15. (C) Rajoy described the principal difference between the PP and the government as being the handling of the economy. He noted the news that Spain was now paying one percent more than Germany in interest on its debt. He said the deficit is over ten percent of GDP -- twice what it was two years ago -- and unemployment is nearly 20 percent. He said maintaining social benefits under these circumstances will be difficult and Spain needs reforms. He added that Spain's immigration policies also need a dose of "common sense."

Latin America

¶ 16. (C) Rajoy stressed the interests of Spain in Latin America. He noted he had been to Cuba three times, but the poverty there and the plight of the dissidents made it a depressing experience. He said the PP appreciated the U.S. policy. The Ambassador noted that the new U.S. President of the U.S.-Spain Council, Senator Menendez, is deeply interested in the issue.

¶ 17. (C) Rajoy said Moragas would attend the Lobo inauguration in Honduras. He and Moragas expressed appreciation for U.S.

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handling of the Honduras situation and said the PP is following the U.S. line. Rajoy mentioned Argentina, where he said 40 percent of the population is of Spanish descent, as a country of great potential and continual crisis. He noted Spain has large business interests there but the situation was "complicated" given the lack of judicial security. He compared the climate for Spanish business in Argentina unfavorably with that in Brazil and Mexico. Venezuela, said Rajoy, is a "disaster." He described Chavez as buying friendship in Central America with oil while Venezuela is being destroyed. He noted the plight of Spanish citizens there facing expropriations (Rajoy mentioned his father in law had worked in Venezuela).

Comment

¶ 18. (C) Rajoy was clearly eager to establish a rapport with the Ambassador. While his comments on Afghanistan were welcome, we would be pleasantly surprised if the PP resisted the temptation to take its shots at the GOS in the pending congressional debate on the additional troops. However, we expect that in the end the PP will not vote against sending more troops. Likewise, on IPR we took Rajoy's message to be that while the PP understands the need for Spain to do more, it is going to extract whatever political benefit it can from the debate over exactly what mechanism Spain uses to shut down pirating websites.

SOLOMONT